Petition

Supreme Court, U.S.
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No. 81-1854

IN THE

Supreme Court of the United States

OCTOBER TERM, 1981

PHILIP D. LYONS, an Individual,

Petitioner,

vs.

NIPPON GAKKI SEIZO KABUSHIKI KAISHA (NIPPON GAKKI CO., LTD.), YAMAHA INTERNATIONAL CORPORATION, HI FI HUTCH, INC., and AUDIO CONSULTANTS, INC.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

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QUESTION PRESENTED

Whether the district court and the Court of Appeals deprived petitioner of his property without due process of law, without notice and without an opportunity to be heard, by summarily invalidating claims of petitioner's patent that respondents conceded, and the Court of Appeals expressly found, were not even at issue in the judicial proceedings before the court.

The petitioner, Philip D. Lyons, respectfully prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Seventh Circuit entered on December 22, 1981 in the above entitled cause.

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OPINIONS BELOW

The unpublished Order of the Court of Appeals appears in the Appendix (A1 to A4). It affirmed an unpublished Opinion and Order of the United States District Court for the Northern District of Illinois, Eastern Division (reproduced in the Appendix at A5 to A14).

JURISDICTION

The unpublished Order of the Court of Appeals was entered on December 22, 1981. Jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

U.S. Const., Article I, Section 8

"The Congress shall have the power . . . to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

U.S. Const. Amendment V

"No person shall . . . be deprived of life, liberty or property, without due process of law; nor shall private property be taken for public use, without just compensation."

35 U.S.C. §282. Presumption of validity; defenses

"A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity."

STATEMENT OF THE CASE

The invention of Petitioner, Philip D. Lyons, relates to the technically sophisticated field of sound transducers which serve the function of converting sound to electrical signals and electrical signals back into sound. Such transducers are commonly used in microphones, headphones, phonograph pick-ups and speakers.

From the days of Thomas Edison, scientists have labored to accurately record and then faithfully reproduce natural sounds. As technical advances in sound reproduction were made, a whole industry evolved for "high fidelity" products that addressed an ever increasing public demand for better quality of sound reproduction. The field of loudspeaker design, for example, was intensely researched to satisfy the rigorous standards of the sophisticated audiophile's ear. And as devices became smaller, the art of stereo headphone design—with its special constraints of quality reproduction, lightness and extremely small size—came to the forefront.

The Lyons invention addressed the need for quality sound reproduction in small packages. After developing his invention, Mr. Lyons—acting without the assistance of a patent attorney—prepared and filed a patent application in an effort to secure property rights in his invention. Between October 15, 1958, when his patent application was filed, and June 30, 1964, when his application ultimately issued as United States Patent No. 3,139,490, the Lyons invention was exposed to the rigors of an exhaustive examination—both by Examiners having specialized skills in the electronics art and by the Board of Patent Office Appeals that reviews

the actions of Patent Office Examiners. Throughout the proceedings, Mr. Lyons acted *pro se*.

During the six year history of Patent Office examination the various claims of the Lyons application were examined, rejected on the basis of a prior art patent to an inventor named Hanlet, taken on appeal to the Board of Appeals, sent back to the Examiner for further review, and then rejected again on the basis of a prior art patent to an inventor named Pavlak. Only after the Patent Office had carefully examined each of the claims in the Lyons application, tested their scope against the Hanlet and Pavlak prior art patents, and determined that each of those claims satisfied all of the statutory criteria for patentability, was the Lyons patent ultimately permitted to issue.

Twelve separate claims are contained in the Lyons patent—claims directed to electromagnetic systems for: (a) sound reproduction from electrical input signals, e.g., loudspeakers and headphones (Claims 1, 2, 4, 5, 10, and 11); (b) electrical signal generation from sound inputs, e.g., microphones (Claims 3 and 6); and (c) sound reproduction from mechanical motion, e.g., phonograph pick-ups (Claims 7, 8, 9, and 12). In 1978 Mr. Lyons filed suit against respondents for patent infringement. The only products of respondents that were charged with infringement of petitioner's patent were their stereophonic headphones. Hence, the only claims at issue in that suit were Claims 1, 4, and 10 of the Lyons patent, a fact respondents conceded on appeal to the Seventh Circuit:

> "The Lyons patent was allowed with twelve claims, only three of which are relevant here."
>
> * * *
>
> "Claims 3, 6-9, 11, and 12 are all irrelevant here, being directed to microphone and phonograph pick-ups. The only claims which Lyons has ever charged

> Yamaha of infringement are Claims 1, 4, and 10." (Resp. Br. on Appeal at 10.)

With the infringement and invalidity issues framed solely with respect to three of twelve claims in the Lyons patent, the trial court nonetheless found on summary judgment that all of the claims of the Lyons patent were invalid on the basis of the Hanlet and Pavlak patents previously considered by the Patent Office (A12).[1] Not just Claims 1, 4, and 10 that were in issue, but *all* of the claims of the Lyons patent were invalidated. Likewise, the Court of Appeals for the Seventh Circuit agreed that the validity of only Claims 1, 4, and 10 of the Lyons patent were in issue before the trial court

> "Claims 3, 6-9, and 12 relate to microphones and phonograph pick-ups. These are not involved in the case at bar. The only claims which defendants are alleged to have infringed are Claims 1, 4, and 10." (A3).

But it nonetheless affirmed the opinion of the trial court finding *all* of the claims of the Lyons patent invalid (A4).

Neither the trial court, on summary judgment, nor the Court of Appeals determined whether there were patentable differences between the claims of the Lyons patent that were at issue and those that were not.[2] And neither

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[1] Although not urged as a basis for granting certiorari, petitioner believes that the trial court's grant of summary judgment of invalidity of the three patent claims that were in issue—a decision predicated on a lay interpretation (unaided by expert testimony) of technically complex prior art patents which had been expressly considered by the expert agency of government given the responsibility for applying the legal criteria for patentability to complex technical inventions—should also be considered by the Court if certiorari is granted.

[2] The Court of Appeals did mention Claims 2, 5, and 11, but made no mention nor any analysis of Claims 3, 6-9, and 12.

the trial court nor the Court of Appeals determined: (1) that the subject matter of the non-asserted claims failed to meet the statutory criteria for patentability in view of the teachings of the prior art (Hanlet and Pavlak patents) previously considered by the Patent Office, or (2) that respondents had overcome the statutory presumption of validity that specifically exists for each of the non-asserted claims.[3]

[3] The situation here is no different than the petitioner having come before the trial court as the owner of twelve separate parcels of land in a suit charging trespass with respect to only three of the twelve parcels. The trial court, on summary judgment, unilaterally extended its jurisdiction to extinguish title to all twelve parcels of land. And this taking occurred in a proceeding in which the owner was not even given notice that title to his nine other parcels was at issue. Likewise, the taking occurred in a proceeding in which the trial court failed to recognize the presumption of validity and failed to even consider any evidence whether the owner, in fact, had valid title to the remaining nine parcels.

REASONS FOR GRANTING THE WRIT

The stated objective of the Constitution in granting the power to Congress to legislate in the area of intellectual property is "to promote the progress of science and useful arts, by securing for limited times to . . . inventors the exclusive right to their respective . . . discoveries." U. S. Const. art. I, §8, cl. 8. The patent laws promote this progress by offering a right of exclusion for a limited period as an incentive to inventors (like Philip Lyons) to risk the often enormous costs of innovation in terms of time, research, and development. *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480 (1974). As this Court observed in *Kewanee*:

> "The productive effort thereby fostered will have a positive effect on society through the introduction of new products and processes of manufacture into the economy, and the emanations by way of increased employment and better lives for our citizens." (416 U.S. at 480)

To accomplish its societal goals Congress has granted to inventors, who submit inventions that the Patent Office determines satisfy the statutory requirements for patentability, "the right to exclude others from making, using, or selling the invention throughout the United States" for a term of seventeen years. 35 U.S.C. §154. The seventeen year exclusion is a right and not a matter of grace or favor. *James v. Campbell*, 104 U.S. 356, 358 (1881). A patent for an invention is as much property as a patent for land. The right rests on the same foundation, and is surrounded and protected by the same sanctions. It is property. *Consolidated Fruit Jar Co. v. Wright*, 94 U.S. 92, 96 (1876). Thus, it is a fundamental principle that an inventor cannot be deprived of his property without due process of law. Indeed, as the Court of Appeals

for the Fourth Circuit observed in *Iowa State Univ. Res. Found. v. Sperry Rand Corp.*, 444 F.2d 406, 409 (4th Cir. 1971):

> "The patentee has a vested property right that can be canceled, revoked, or annulled only by judicial proceedings that afford due process of law."

Congress has also declared that "[a] patent shall be presumed valid," that "each claim of a patent (whether in independent or dependent form) shall be presumed valid independently of the validity of other claims," and that "[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity." 35 U.S.C. §282. The "guiding star" in construction of a patent is the precise language employed in its claims; claims alone are the measure of the invention. *Super Products Corp. v. D. P. Way Corp.*, 546 F.2d 748, 758 (7th Cir. 1976). And every claim stands on its own footing. Its validity is presumed and must be decided separately from every other claim. 35 U.S.C. §282.

Here the trial court, when faced with the issue of the validity of Claims 1, 4, and 10 of the Lyons patent, summarily deprived petitioner of his property rights in all of the claims in his patent. It did so, moreover, without the benefit of affidavits or sworn statements on the non-asserted claims, without consideration of the essential factual inquiries this Court has stated are essential to a determination of the validity issue for any claims of a patent, *Graham v. John Deere Co.*, 383 U.S. 1 (1966), and without giving petitioner any opportunity to be heard on the validity of the non-asserted claims of his patent.

This Court has long held that "the fundamental requisite of due process of law is the opportunity to be heard." *Mullane v. Central Hanover Bank & Trust Co.*,

339 U.S. 306, 314 (1950); *Grannis v. Ordean*, 234 U.S. 385, 394 (1914). Obviously, a party who does not even have notice of the existence of judicial proceedings that may affect the validity of his property cannot be said to have been afforded the constitutional protection of due process. "The right to be heard," as this Court observed in *Mullane*, "has little reality or worth unless one is informed that the matter is pending . . . ." (339 U.S. at 314). For the trial court to summarily convert proceedings—whose entire focus was the validity of only Claims 1, 4, and 10 of the Lyons patent—into a proceeding (without notice to petitioner) in which even the unasserted claims of his patent were at issue is the clearest violation of the constitutional guarantee of due process of law.[4]

For many years, an inventor was permitted to assert the claims of his patent against a second infringer even though those claims had previously been held invalid in an earlier action. *Triplett v. Lowell*, 297 U.S. 638 (1936). The Court's decision in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313 (1971), however, now prohibits subsequent patent infringement suits on the premise that the inventor received at least one "fair opportunity procedurally, substantively and evidentially to pursue his claim the first time." (402 U.S. at 333). Petitioner never had that chance with respect to the unasserted claims of his pat-

[4] The trial court (as affirmed by the Court of Appeals) might just as well have invalidated title to petitioner's home, his personal property or his business—for the summary proceedings under which claims admittedly not even at issue before either court were invalidated had no greater relationship to the validity of petitioner's property rights in his unasserted patent claims than they did to title to his other real or personal property.

ent either before the trial court or the Court of Appeals. And his property in those claims was summarily taken without due process of law. U.S. Const. amend. V.

The vitality of the entire patent system and the progress of science and industry are dependent upon the proper application of the law to disputes involving patent property. The decisions below constitute a fundamental deprivation of property without due process of law by failing to recognize the statutory command that the validity of *each* patent claim shall be determined *independently* of the validity of the other claims. In addition, by summarily deciding the validity of petitioner's entire patent without making the essential factual inquiries required by this Court in *Graham v. John Deere Co., supra*, the courts below have foreclosed petitioner from the benefits of his invention and seriously undermined the structural integrity of the Constitutional rights of inventors—rights as fundamentally important to the patent owner as they are to the land owner. The decisions below, if permitted to stand, are precedent for the erosion of the rights established by the framers of the Constitution, the Congress and this Court to protect owners of patent property.

CONCLUSION

Petitioner is entitled to at least one day in court on the validity of the non-asserted claims of his patent that were not at issue before either the trial court or the Court of Appeals. For the reasons stated, it is respectfully urged that this Petition for Certiorari be granted.

Respectfully submitted,

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Appendix

APPENDIX

Unpublished Order

UNITED STATES COURT OF APPEALS
For the Seventh Circuit
Chicago, Illinois 60604

Argued September 22, 1981
December 22, 1981

Before

Hon. Robert A. Sprecher, Circuit Judge
Hon. William J. Bauer, Circuit Judge
Hon. Edward Dumbauld, Senior District Judge*

Philip D. Lyons, an Individual

Plaintiff-Appellant

No. 81-1370

v.

Nippon Gakki Seizo Kabushiki Kaisha (Nippon Gakki Co., Ltd.), Yamaha International Corporation, Hi Fi Hutch, Inc., & Audio Consultants, Inc.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.
James B. Moran, *Judge*.

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* The Honorable Edward Dumbauld, Senior District Judge for the Western District of Pennsylvania, is sitting by designation.

In this patent infringement suit, the District Court, upon consideration of cross-motions for summary judgment,[1] granted defendants' motion, holding that the patent in suit was invalid for obviousness under 35 U.S.C. 103. We affirm.

As set forth in the leading case of *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966), in an inquiry under § 103 the scope of prior art must be ascertained, the distinction between the prior art and the claims of the patent determined and lastly it must be decided whether such difference would have been obvious to a person of ordinary skill in the art at the time the claimed invention was made. See also *Rengo Co. Ltd. v. Molins Machine Co.*, 657 F. 2d 535, 542, 553 (3d Cir. 1981); *Republic Industries, Inc. v. Schlage Lock Co.*, 592 F. 2d 963, 967-68, 971 (7th Cir. 1979); *Dual Mfg. & Engineering, Inc. v. Burris Industries, Inc.*, 619 F. 2d 660, 666 (7th Cir. 1980).

Plaintiff, Philip D. Lyons, after a verbose and tortuous struggle *pro se* in the patent office, on June 30, 1964, obtained patent No. 3,139,490 (hereinafter sometimes called '490) for a "Sound Reproducing and Recording Device." Basically the device is a "transducer" which will turn sound into electrical impulses (microphones) or electrical impulses into sound (speakers).

The Lyons device uses two opposed horseshoe magnets so that the N poles are opposite each other and the S poles are likewise opposite each other. The imaginary magnetic lines of force passing between the N and S poles of each magnet form a flattened area into which is placed a diaphragm to which is attached a coil of wire conveying electrical signals. The diaphragm and coil are

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[1] In a patent case, like any other, when there is no genuine dispute regarding issues of fact, and the case turns upon a question of law, summary judgment is appropriate. *Research Corporation v. Nasco Industries, Inc.*, 501 F. 2d 358, 361 (7th Cir. 1974); *AR Inc. v. Electro-Voice, Inc.*, 311 F. 2d 508, 511 (7th Cir. 1962); *Allegheny Drop Forge Co. v. Portec, Inc.*, 370 F. Supp. 673 (W.D. Pa. 1974), aff'd 541 F. 2d 383 (1976).

parallel to the flattened magnetic lines of force so that current passing in either direction through the coil cuts the magnetic lines of force everywhere at a right angle. (Claim 1).[2]

Claims 3, 6-9, and 12 relate to microphones and phonograph pickups. These are not involved in the case at bar. The only claims which defendants are alleged to have infringed are Claims 1, 4, and 10.

Claim 4 is substantially the same as Claim 1 except that it specifies that the coil surface is substantially coextensive with the flattened portion of the magnetic field, thereby causing uniform electromagnetic force over the coil, and hence the diaphragm.[3]

Claim 10 describes an electromagnetic motor mechanism for a receiver or horn loudspeaker, using ring-shaped magnets forming an "annular" airgap and a ring-shaped diaphragm, so that a current in either direction will produce a uniform electromagnetic force over the coil (and hence the diaphragm).[4]

A French patent issued to Jacques-Marie Noel Hanlet on September 15, 1958 (thus part of the prior art) claims a device for microphones and earphones, using a diaphragm with a flat spiral coil positioned between two bar magnets with their N and S poles opposite each other. The magnetic field resulting therefrom is hyperbolic in shape. The use of horseshoe magnets is anticipated by a German patent issued to Merk on December 22, 1900, as Lyons concedes.

Horseshoe magnets were also used in U.S. patent No. 3,066,200 issued to W. A. Pavlak on November 27, 1962. Pavlak's conductor was a flat ribbon of aluminum, and Lyons amended his claim during prosecution so as to

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[2] Claim 2 improves the transducer of Claim 1 by varying the coil turns inversely to the magnetic field strength.

[3] Claim 5 describes an improvement on the transducer of Claim 4 similar to the improvement of Claim 2 over Claim 1.

[4] Claim 11 eliminates the ring-shaped elements specified in Claim 10, and uses a rectangular diaphragm.

call for a coil coextensive with the flattened lines of magnetic force in the air gap between the magnets.

In view of the scope of applicant's claims and the state of the prior art as hereinabove reviewed, and which were discussed in the District Court's opinion, Judge Moran was not in error when he concluded that "the distinctions between the Hanlet and Pavlak patents, on the one hand, and the Lyons patents on the other, are not of patentable dimensions. . . . For example, the use of a horseshoe or reflexed magnet in lieu of the bar magnets of the Hanlet patent is at most a mechanical improvement and not invention, and indeed, an improvement taught by Pavlak . . . Similarly, the use of a coil coextensive with the diaphragm itself is not a patentable invention, but rather a mechanical improvement." Likewise, as the District Court points out, the secondary consideration of commercial success (383 U.S. at 17) can not be invoked for the benefit of Lyons. Neither his patent nor those of Hanlet and Pavlak achieved widespread acceptance in the market place.

Accordingly, the patent in suit is invalid under 35 U.S.C. 103 and the judgment of the District Court is affirmed.

Affirmed.

In The United States District Court
For The Northern District Of Illinois
Eastern Division
No. 78 C 4006

Philip D. Lyons,

Plaintiff,

v.

Nippon Gakki Seizo Kabushiki Kaisha (Nippon Gakki Co. Ltd.), Yamaha International Corporation, Hi Fi Hutch, Inc. and Audio Consultants, Inc.,

Defendants.

MEMORANDUM OPINION AND ORDER

Defendants, Nippon Gakki Seizo Kabushiki Kaisha ("Nippon Gakki"), Yamaha International Corporation ("Yamaha"), Hi Fi Hutch and Audio Consultants Inc., have moved for summary judgment in this action for patent infringement by plaintiff, Philip D. Lyons ("Lyons"). Plaintiff has cross-motioned for summary judgment. The patent at issue, No. 3,139,490 ("'490"), was issued by the patent office on June 30, 1964 on an application filed on October 15, 1958 by Lyons, a self-employed designer. The patent in suit is directed to sound reproduction and recording devices, *i.e.*, a microphone or speaker.

On summary judgment, defendants raise three issues: (1) that patent '490 in invalid as obvious in light of the prior art, 35 U.S.C. §103; (2) that the patent was improperly obtained because plaintiff introduced "new matter" into his patent application during the pendency of the prosecution of the patent, 35 U.S.C. §135; and (3) that, in any event, the patent has not been infringed. For the reasons set forth below, the Court has determined that the '490 patent is invalid because it is ob-

vious. Therefore, defendant's other claims need not be considered. Accordingly, summary judgment will be entered in favor of defendants and plaintiff's motion for summary judgment is denied.

The standards for granting summary judgment in patent cases are, in essence, no different from those applicable in other instances. As the Seventh Circuit noted in *Research Corporation v. Nasco Industries, Inc.*, 501 F.2d 358 (7th Cir. 1974):

> "a suit concerning the validity of a patent over the prior art is not immune from disposition on motion for summary judgment even though, in addition to prior art patents, deposition testimony of the applicant and affidavits are involved, if no genuine issue of material fact is present."

Research Corporation v. Nasco Industries, Inc., supra at 361, quoting, *AR Inc. v. Electro-Voice, Inc.*, 311 F.2d 508, 511 (7th Cir. 1962).

When the issue before the court is the invalidity of a patent because of its obviousness, several preliminary inquiries must be made. The scope and content of the prior art must be determined, distinctions between the prior art and the patent at issue must be ascertained, and the level of ordinary skill in the pertinent industry resolved. *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966). If, as in the case here, no factual dispute emerges from these preliminary inquiries, the question of obviousness is purely one of law and may be determined on summary judgment. *Research Corporation v. Nasco Industries, Inc., supra* at 361. *See also, Dual Manufacturing & Engineering, Inc. v. Burris Industries, Inc.*, 619 F.2d 660, 663 (7th Cir. 1980).

Finally, in turning to the resolution of the legal question of obviousness, the Court notes that a patent is presumed valid, but that presumption is not conclusive. *St. Regis Paper Co. v. Bemis Co.*, 549 F.2d 833, 838 (7th Cir. 1977). Rather, the presumption merely shifts the burden of proof to the party asserting the invalidity of the patent. *Dual Manufacturing & Engineering, Inc. v. Burris Industries, Inc., supra* at 665.

THE '490 PATENT AND THE PRIOR ART.

As noted above, Lyons' patent concerns a microphone or speaker. In particular, the device includes a pair of horseshoe magnets which are positioned opposite each other so that like poles of each magnet oppose each other. The two magnets are positioned close enough to each other so that the imaginary lines of force normally extending from the south pole of one of the magnets to the north pole of the other are flattened in a magnetic "air gap" between the two magnets. Stationed in the air gap between the magnets is a diaphragm with a signal-conveying coil of wire fixed to it. (See Figure 1 of Appendix A).

Sound is reproduced (or recorded) by the device when an electrical signal is passed through the coil. The electrical current flowing through the coil intercepts or cuts the flattened magnetic lines of force in the magnetic air gap between the magnets to assert a force on the diaphragm. This force causes the diaphragm to vibrate and thus reproduce the sound portrayed by the electrical signal.

The concept of employing a coil, an electrical signal, a diaphragm and two magnets facing each other with opposite polarity to create an air gap in order to reproduce or record sound hardly is new to the Lyons patent. At least two other inventions, the Hanlet patent and the Pavlak patent used most or all of these elements for the same end. It is these patents which defendants claim make the '490 patent obvious in light of the prior art.

The Hanlet patent appears similar to Lyons' claimed invention in all but two respects. Whereas Lyons employed horseshoe (or "reflexed") magnets to create a flattened magnetic field, the Hanlet patent used two bar magnets to create this result. In addition, the coil in the Hanlet patent is limited to a portion of the diaphragm's area in contrast to Lyons' design where the coil covers "substantially the entire area of the diaphragm." (Lyons' Affidavit at 17, See, Figure 2 of Appendix A.)

The Pavlak patent also uses the same individual elements employed by Lyons to reproduce or record

sound. Like the Lyons' patent, the Pavlak device teaches the use of horseshoe magnets.[1] The basic distinction between the two devices lies in the conducting element. As illustrated in Figure 3 of Appendix A, the Pavlak patent uses a single elongated conductor running along the magnetic air gap, in contrast to the '490 device which features a coil substantially coextensive with the shape of the diaphragm itself. Additionally, the shape of the magnetic air gap varies between the two inventions. Pavlak's disclosure describes several elongated air gaps running along the lines of several rows of the "U" shaped magnets. The air gap in Lyons' device is wider, coextensive with the width of the magnets themselves.

DISCUSSION

Given that the elements employed by Lyons' device—opposing magnets, an electrical conductor and a diaphragm—were well known to the art of sound reproduction, the standards governing the disposition of defendants' claims of obviousness are those articulated by the Supreme Court in *Great A & P Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147 (1950), and *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976). In *Sakraida*, the Court noted that the inventions which arrange old elements into new combinations with each performing the same function it had been known to perform are not patentable even though the result achieved by the combination may be "a more striking result than in previous combinations." *Sakraida v. Ag Pro, Inc.*, *supra* at 282.[2] This standard, of course, does not mean

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[1] Patent '490 refers to the magnets as "horseshoe" or "reflexed" magnets. The Pavlak patent uses what are referred to as "U" or "channel shaped" magnets. Despite the difference in terminology, it is evident that the same type of magnets are taught in each of the patents.

[2] In the instant case, there is no doubt that the '490 patent is a combination patent. Plaintiff, himself, argues that his:

> invention is directed to a particular form of sound transducer including magnets of a horseshoe configuration

(Footnote continued on following page)

that there never can be an invention of patentable dimensions which merely is a combination of old elements. *Dual Manufacturing & Engineering v. Burris Industries, Inc.*, 619 F.2d 660, 665 (7th Cir. 1980). It does suggest, however, that the proprietary claims over such devices must be carefully scrutinized, *Great A & P Tea Co. v. Supermarket Equipment Corp., supra*, 340 U.S. at 152, in order to ensure that the work at issue is that of the "inventor" and not that of the "skillful mechanic." *Sakraida, supra*, 425 U.S. at 282; *Dual Manufacturing & Engineering v. Burris Industries, Inc., supra*, 619 F.2d at 666.[3]

In the opinion of the Court, the distinctions between the Hanlet and Pavlak patents, on one hand, and the Lyons patent, on the other, are not of patentable dimensions. As such the '490 patent is invalid as obvious under 35 U.S.C. §103. For example, the use of a horseshoe or reflexed magnet in lieu of the bar magnets of the Hanlet patent is at most a mechanical improvement and not invention, and indeed, an improvement taught by Pavlak. Lending force to this conclusion is the fact that Pavlak,

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[2] *continued*

as part of a *combination of physical elements brought* together in a precise structural and functional relationship.

Plaintiff's Memorandum at 6 (emphasis added).

[3] Defendants erroneously assert that the standard of patentability applicable here is that "subsequent novel improvements [of an invention are not patentable] unless such an improvement is itself patentable as an invention." Defendant's purported standard is taken, out of context, from Justice Stevens' opinion in *Frantz Manufacturing Co. v. Phenix Manufacturing Co.*, 457 F.2d 314 (7th Cir. 1972). The pertinent language in *Frantz* was concerned with whether public disclosure of an invention for more than a year precluded patentability under 35 U.S.C. §102(b). It did not consider the issue decided here. In any event, the Seventh Circuit has recently made clear that the benchmark of patentability for combination patents is the Supreme Court's decision in *Sakraida, supra*. Dual Manufacturing & Engineering v. Burris Industries, Inc., 619 F.2d 660 (7th Cir. 1980).

himself, did not view the substitution of reflexed for bar magnets as anything more than an operational improvement. In the Pavlak patent, the basic concept of sound reproduction is described with reference to bar magnets. Then, in disclosing the configuration of the invention Pavlak shows the use of reflexed magnets as a "practical construction" of the underlying principles explained by using bar magnets. (Plaintiff's Exhibit N.)

Similarly, the use of a coil coextensive with the diaphragm itself is not a patentable innovation, but rather a mechanical improvement which flows from the design of the rest of the device. The principle behind all three of the devices examined here is the same. That is, the electrical conductor in each of the instruments is coextensive with that portion of the diaphragm activated by the magnetic force generated by the placement of the magnets. Finally, the use of a coil instead of a single electrical conductor—the claimed distinction between the Lyons and Pavlak patents—is not novel. The use of a coil, while not taught by Pavlak, has [sic] indicated in Hanlet, which was part of the prior art at the time Lyons' invention was disclosed. It is thus properly considered here.

Plaintiff has submitted a rather lengthy affidavit in an effort to distinguish his device from the prior art. Most of this material, however, fails to demonstrate any distinctions between the recording instruments. Rather it asserts only that the Lyons' work produces greater operational results than the Hanlet or Pavlak patents.[4]

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[4] Representative of the many instances in Lyons' affidavit in which he purports to set out the distinctions between the '490 patent and those of Hanlet and Pavlak but actually only describes improvements attributable to his design is the following excerpt:

> The Hanlet patent is directed to an electro-magnetic device for sound powered telephones that can be used as a transmitter or receiver. The Hanlet device utilizes two cylindrical bar magnets placed with a like pole, e.g., the north poles, of each, in facing relationship to form a

(Footnote continued on following page)

Even taking his claims of enhanced efficiency at face value, plaintiff has failed to demonstrate that his device is patentable. *Sakraida* and *A & P Tea* clearly teach that it is innovation and not improvement that is the source of patent protection.

Finally, Lyons places great importance on the fact that the Hanlet and Pavlak patent never achieved commercial success. Irrespective of the truth of these claims, they do not, in themselves, support the conclusion that the '490 device is patentable. While commercial success may have some, but not a determinative, bearing on the patentability of an invention, *Anderson's Black-Rock, Inc. v. Pavement-Salvage Co.*, 396 U.S. 57 (1969), the

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[4] *continued*

magnetic air gap there between. The opposite poles, e.g., the south poles, of each, are in spaced-apart relationship so as to be physically remote from the magnetic air gap. The magnetic arrangement cannot contain the magnetic lines of force or flux within a magnetic air gap since the magnetic field produced by a bar magnet is inherently diffuse. In the Hanlet device the magnetic lines of force which originate on the facing north poles of the magnets must bend around and enter the respective magnets at their opposite south poles. Consequently, the major portion of the magnetic field produced by these magnets cannot be used by the coil and is wasted and, in addition, the coil in Hanlet's patent is limited to a portion of the diaphragm's area in contrast to Lyons design where the coil covers substantially the entire area of the diaphragm.

The magnetic field produced by a reflexed or horseshoe magnet is substantially confined between its poles forming what is known as a magnetic air gap. In the magnetic arrangement of Figure 2 of the patent in suit, the magnetic lines of force which originate on the north poles of the magnets enter adjoining south poles. Consequently, nearly all of the magnetic field produced by these magnets can be confined to the magnetic air gap and used by the coil. Another important advantage resulting from this magnetic arrangement is that for the same amount of magnetic material, higher flux densities can be produced within the magnetic air gap.

Lyons Affidavit at 16-17.

market's acceptance of the Hanlet and Pavlak patents is immaterial here. Whatever the economic returns may have been on the prior art, Lyons has not presented any credible evidence that his device has enjoyed any commercial success. There is no suggestion that any licensing agreements were executed concerning the '490 patent. Lyons' claims of commercial success are based on his allegations that Nippon Gakki and Yamaha infringed his patent and in turn generated profits. Since, however, Lyons' infringement claim is far from established, Yamaha's commercial success is not probative on this point.

In summary, the Court concludes that the '490 patent must be declared invalid. At best the device described in the '490 patent may represent an improvement in sound reproduction. However, since the individual elements are not novel to Lyons' combination, and because the invention is premised on well known concepts in physics, and the arrangement of these elements would have been obvious to one skilled in the art of sound reproduction after the disclosure of the Hanlet and Pavlak patents, Lyons' device fails to meet the standards of patentability set by 35 U.S.C. §103. Accordingly, defendants' motion for summary judgment is granted.

/s/ James B. Moran
Judge
United States District Court

January 21, 1981

APPENDIX A

FIGURE 1 — LYONS

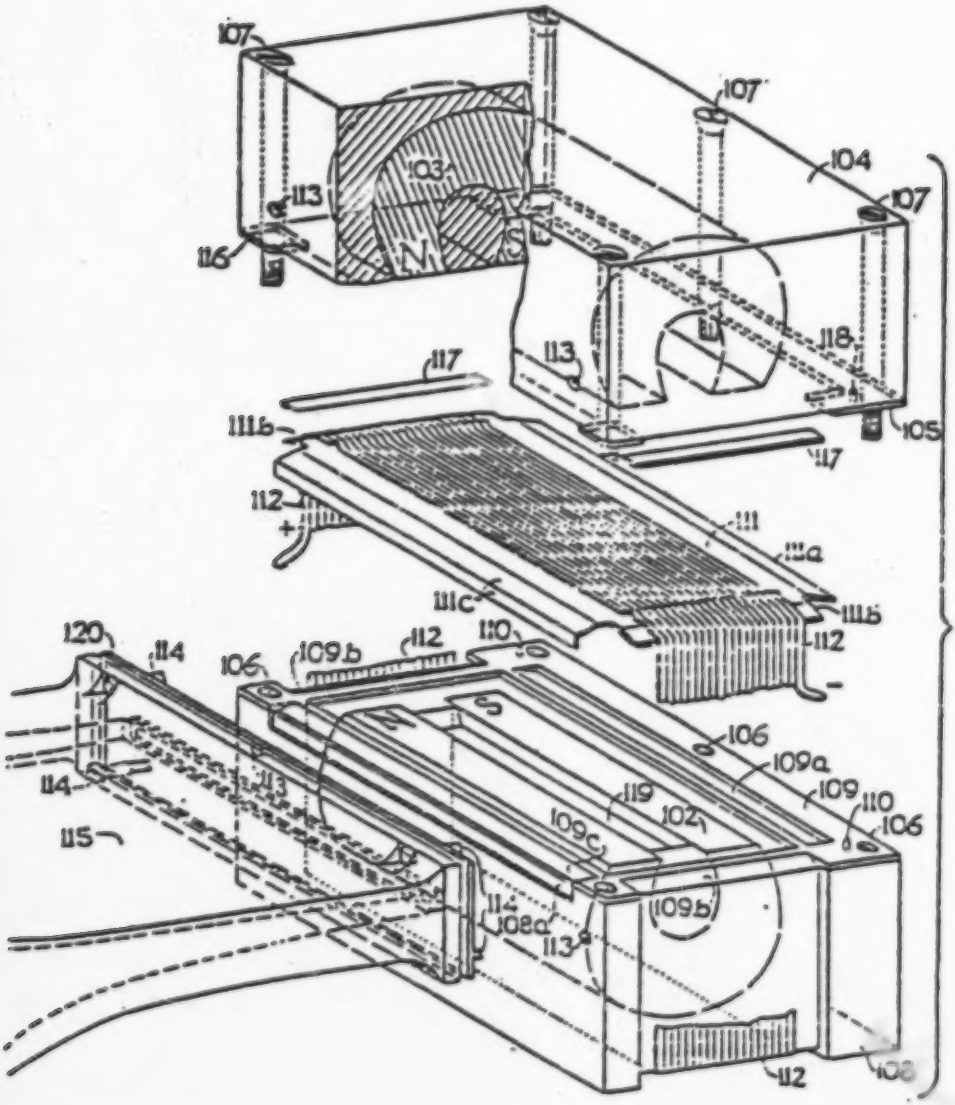
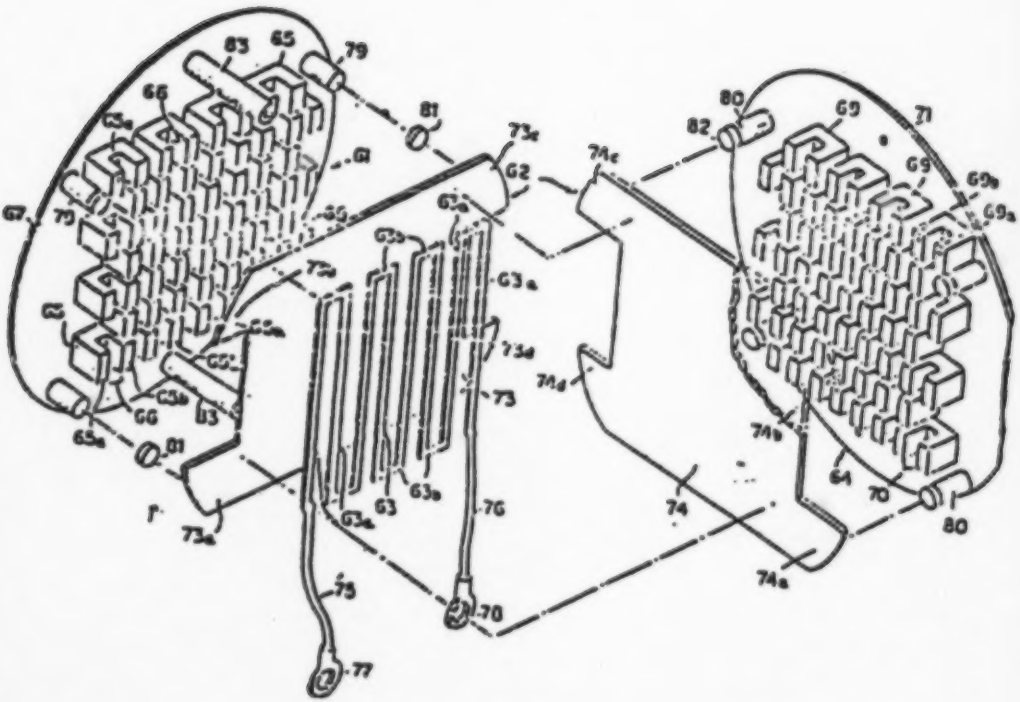


FIGURE 2 — HANLET

FIGURE 3 -- PAVLAK



Opposition

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No. 81-1854

In the
Supreme Court of the United States
October Term, 1981

PHILIP D. LYONS,

Petitioner,

vs.

NIPPON GAKKI SEIZO KABUSHIKI KAISHA (NIPPON GAKKI CO., LTD.); YAMAHA INTERNATIONAL CORPORATION; HI FI HUTCH, INC.; and AUDIO CONSULTANTS, INC.,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Seventh Circuit

BRIEF FOR RESPONDENTS IN OPPOSITION

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IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1981

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---

BRIEF FOR RESPONDENTS IN OPPOSITION

The petition for writ of certiorari presents no question warranting this Court's attention, and the complaints it voices are totally without substance. No question of interest to the public is involved. This case is nothing more than a routine patent case in which the District Court struck down a patent that was plainly invalid, in a judgment which, on appeal, was unanimously affirmed.

OPINION BELOW

The memorandum opinion of the United States Court of Appeals for the Seventh Circuit is unreported, appearing at A-1 in the Appendix to the petition. The District Court opinion, also unreported, appears in the Appendix to the petition at A-5.

JURISDICTION

This Court has jurisdiction to consider the petition by virtue of Title 28, Code, §1254(1).

QUESTION PRESENTED

The issue alleged in the petition to be the "Question Presented" is not a question posed by this record. On the contrary, as just noted, this case is routine, involving no debatable questions.

Petitioner's "Statement of the Case" is just as faulty, omitting as it does many of the facts which are highly relevant to the resolution of the case.

In demonstrating that Petitioner is entitled to no relief in this Court, we shall briefly review the history of this litigation — itself a compelling argument for denial of the petition — and then show that Petitioner's legal argument is lacking in substance.

STATEMENT OF THE CASE

This case began in the District Court as a suit for infringement of U.S. Patent No. 3,139,490. The District Court held the patent invalid for obviousness on summary judgment, and the Court of Appeals affirmed, holding that the claims involved in the case were invalid over the prior art.

Briefly, here is what happened.

A. The Parties And The Cause Of Action Pleaded.

Petitioner is the inventor and owner of the patent in suit, which is directed to a sound "transducer", used to convert sound energy into electrical energy and vice versa.

The most common form of sound transducers are speakers by which electrical energy is converted to sound energy, that is, audible sounds; that is the relevant thrust of Petitioner's patent.

Respondent Nippon Gakki Seizo Kabushiki Kaisha (also known as Nippon Gakki Co., Ltd. and hereafter referred to as "Nippon Gakki") is a Japanese manufacturer of stereo equipment, including the stereo headphones accused of infringing Petitioner's patent. Yamaha International Corporation is a California-based corporation which sells in the United States the accused headphones. Hi Fi Hutch, Inc. and Audio Consultants, Inc. are both retailers of stereo equipment in the Chicago area, and market the stereo headphones made by Nippon Gakki and purchased from Yamaha International Corporation.

B. The Proceedings In The District Court.

Petitioner's complaint was filed in November of 1978, alleging infringement of his patent. At first, the parties exchanged interrogatories as well as other miscellaneous discovery requests, and then Respondents took the Petitioner's deposition. Based solely on that deposition and the file history from the Patent Office of Petitioner's patent, Respondents moved for summary judgment, contending, *inter alia*, that Petitioner's patent was invalid over the prior art.

Petitioner countered by filing a cross-motion for summary judgment, asking not only that the District Court find the patent valid over the prior art, but also to find that Respondents had infringed claims 1, 4 and 10 of the patent.

Arguing that the District Court should determine on summary judgment that his patent was valid, Petitioner wrote (Pet. Brief in District Court, p. 2):

> "The inability of defendants to come forward with any better grounds for invalidity of the patent in suit other than those matters considered and rejected by the Patent Office . . . has persuaded the plaintiff that this case, on the present record, is ripe for summary determination of patent validity and infringement."

The District Court, noting that both parties contended that the case was free from factual issues, agreed that the validity issue was ripe for summary determination. Said the District Court (A 6):

> "If, as in the case here, no factual dispute emerges from these preliminary inquiries, the question of obviousness is purely one of law and may be determined on summary judgment."

The Court concluded that indeed the patent was invalid as a combination invention on the authority of *Sakraida* v. *Ag Pro, Inc.* (1976), 425 U.S. 273, and granted Respondents' motion for summary judgment.

C. The Proceedings Before The Court Of Appeals.

After Petitioner's arrogance in the District Court backfired, he changed his tune before the Court of Appeals. For the first time, Petitioner argued that the District Court erred in finding the patent invalid because it had improperly resolved contested issues of material fact against Petitioner, and, also, had misapplied the standards for obviousness under the patent law.

Anent that latter point, Petitioner made the startling argument (Pet. Brief on Appeal, p. 32):

> "The 'combination of old elements' test of invention, if it has any place in the patent law at all, certainly does not find application in this case."

The Court of Appeals saw through Petitioner's argument, rejecting the notion that any contested factual matters existed or had been resolved against Petitioner. Holding that claims 1, 4 and 10—the only patent claims involved in the case—were invalid as a matter of law, the Court of Appeals affirmed the judgment of the District Court.

That holding was 100% correct.

ARGUMENT

Petitioner's claim for relief before this Court is built on the premise that the decision of the courts below deprived him of his patent property without due process of law simply because the courts concluded that the patent in suit was invalid — without referring to any specific patent claims.

That argument is legally unsound, as will now be shown.

I. The Only Claims Held Invalid Were Claims 1, 4 and 10, and Petitioner Was Deprived of Nothing.

Wholly apart from the fact that Petitioner's argument was not presented to the Court of Appeals, and hence deserves no consideration by this Court (*Delta Air Lines, Inc.* v. *August* (1981), 450 U.S. 346, 362; *Ramsey* v. *United Mine Workers of America* (1971), 401 U.S. 302, 312), that argument presupposes that the judgments of the courts below extended to all of the claims in the patent, as distinguished from those claims involved in the case, namely claims 1, 4 and 10.

That those judgments do not so operate was established by the Court of Appeals for the Seventh Circuit in the clearest way in *Panduit Corporation* v. *Burndy Corporation* (7 Cir., 1975), 517 F.2d 535, *Cert. denied* (1975), 423 U.S. 987. In rejecting an argument just like that made by petitioner here, the Court of Appeals wrote

(517 F.2d at 541):

> "The only issues before the district court concerned the validity and infringement of claims 1 through 5 and 14 through 16. Those issues were the only ones before this court. The opinion and judgment of this court are no broader than the claims which were placed in issue by the parties, irrespective of the impact that this court's opinion may have on other claims not in issue."

Equally is that so here. The parties put in issue claims 1, 4 and 10, and those claims were struck down by the District Court in a judgment affirmed by the Court of Appeals. That judgment was "no broader", striking down as it did only Petitioner's claims 1, 4 and 10.

Petitioner was deprived of nothing.

II. The Courts Below Correctly Struck Down Petitioner's Claims For Obviousness.

To the extent that Petitioner claims that the Courts below denied him his day in court by holding claims 1, 4 and 10 invalid on summary judgment, his position is equally unfounded.

Thus:

(1) The District Court based its holding of invalidity of those claims on the deposition taken of Petitioner himself along with the Patent Office file history. When faced with that record in the District Court, Petitioner agreed that "this case, on the present record, is ripe for summary determination."

(2) Petitioner's argument in the Court of Appeals was predicated on the notion that a combina-

tion of old elements test did not have a place in the law. This Court has frequently held the contrary (*Great Atlantic & Paicfic Tea Co.* v. *Supermarket Equipment Corp.* (340 U.S. 147, 152; *Sakraida* v. *Ag Pro, Inc.* (1976), 425 U.S. 273, 282).

The courts below properly invalidated claims 1, 4 and 10 of Petitioner's patent.

CONCLUSION

The petition in this case is plainly frivolous, and should be summarily denied by this Court.

Respectfully submitted,

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